

Message Text

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ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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TO SECSTATE WASHDC 1347

INFO AMEMBASSY NEW DELHI

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EO 11652: N/A

TAGS: ENRG, EINV, BTIO, BG

SUBJ: BANGLADESH GOVERNMENT INVITES ON-SHORE OIL EXPLORATION
CONTRACTS

BEGIN UNCLASSIFIED

1. BY LETTER DATED JULY 8, 1976, PETROBANGLA (THE BANGLADESH GOVERNMENT'S OIL AND GAS CORPORATION) HAS INFORMED THE EMBASSY OF THE BDG DECISION OPENING ADDITIONAL AREAS FOR OIL EXPLORATION AND INVITING PROPOSALS FROM FOREIGN OIL COMPANIES TO EXPLORE THESE AREAS BY AGREEMENT WITH THE BDG.

2. THE EXPLORATION AREAS ARE DIVIDED AS FOLLOWS:

(A) AN AREA OF APPROXIMATELY 3,200 SQUARE MILES OFF-SHORE IN THE BAY OF BENGAL, OVER WHICH PROPOSALS ARE INVITED FOR EXPLORATION OPERATIONS

UNDER A PRODUCTION SHARING CONTRACT. THIS IS THE SEVENTH OFF-SHORE AREA, WHICH HAS BEEN AVAILABLE SINCE 1974.

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(B) ON-SHORE AREAS OF ABOUT 40,000 SQUARE MILES WHERE PROPOSALS

WILL BE ACCEPTED FOR PETROLEUM EXPLORATION OVER SPECIFIED AREAS UNDER PRODUCTION SHARING CONTRACTS; AND
(C) OTHER ON-SHORE AREAS, TOTALLING 10,000 SQUARE MILES, WHICH COMPRISE PETROBANGLA'S OPERATIONAL FRANCHISE AREA. PROPOSALS WILL, HOWEVER, BE CONSIDERED FOR JOINT VENTURE OPERATIONS IN ANY SPECIFIED PORTION OF THE FRANCHISE AREA, SHOULD ANY PARTY BE INTERESTED IN A PROGRAM OF PETROLEUM EXPLORATION.

3. IN ADDITION, THERE ARE EIGHT SMALL AREAS COMPRISING EXISTING NATURAL GAS FIELDS WHICH ARE ALREADY HELD BY THE BDG, AND THUS EXCLUDED FROM EXPLORATION CONTRACTS OR JOINT VENTURES.

4. TEXT OF LETTER, PETROBANGLA ANNOUNCEMENT (DATED JUNE 10), AND ACCOMPANYING MAP FOLLOW BY AIRGRAM.

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5. COMMENT. THIS DECISION REFLECTS THE PRESENT GOVERNMENT'S INTEREST IN ATTRACTING PRIVATE FOREIGN COMPANIES TO BANGLADESH; THE GENERALLY DISCOURAGING RESULTS OF THE FIRST SEASONS'S DRILLING OFF-SHORE (FOUR WELLS DRILLED IN BANGLADESH WATERS PLUS SEVERAL OFF WEST BENGAL; NO OIL FOUND), WHICH HAS REDUCED THE LIKELIHOOD THAT COMPANIES WILL BE WILLING TO PAY LARGE SIGNATURE BONUSES FOR EXPLORATION CONTRACTS; AND A GROWING DISAPPOINTMENT WITH THE EXPENSIVE, OUTDATED SOVIET PERFORMANCE IN ITS OIL EXPLORATION ASSISTANCE TO PETROBANGLA (FIVE HOLES DRILLED IN AS MANY YEARS; TWO MORE NEARLY COMPLETE; NO OIL FOUND).

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PETROBANGLA STAND READY TO RESPOND TO ANY AND ALL INQUIRIES CONCERNING THIS NEW POLICY.

6. RECOMMENDATION. SEVERAL AMERICAN PETROLEUM FIRMS NOTABLY CARLSBERG, HAVE SINCE 1972, SOUGHT AN OPPORTUNITY TO CONTRACT TO EXPLORE FOR OIL IN ON-SHORE AREAS OF BANGLADESH AND WE RECOMMEND THIS ANNOUNCEMENT BE GIVEN WIDE CIRCULATION AMONG POTENTIALLY INTERESTED US FIRMS. (THE BANGLADESH EMBASSY IN WASHINGTON HAS ALREADY, WE UNDERSTAND, BROUGHT THIS OPPORTUNITY TO THE ATTENTION OF SELECTED US FIRMS.)

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